

## Competence and ethical behavior of people appointed to contract management post in local governments in Uganda

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### Abstract

The purpose of this paper is to establish the impact that competence of staffs may have on the extent to which they behave ethically when managing execution of contracts in their control at local government level. A research was carried out to establish using cross sectional research design. Data was collected using self administered questionnaires covering 52 local governments in Uganda. A response rate of between 73% and 75% was realized with about 39 districts successfully returning the filled up questionnaires. Analysis was done using the SPSS package. Factor analysis was carried out to iron out tendencies of bias in the question items included in the data collection tool (questionnaire). Findings indicated that competence of a staff working in the capacity of contract manager in local governments in Uganda has a great influence on the way that person behaves in the ethical scale. The paper indicates that the more competent one becomes in handling contract management issues, the more ethical that person becomes in the contract management process.

**Keywords:** *Competence, Ethical behaviour, Contract management*

### 1. Introduction

Ethics is an upcoming aspect in the business arena (Hill et al, 2009). Many organizations have collapsed because of paying little attention to the aspects of ethics at work place (OECD-DAC, 2008). This paper looks at competence as one of the key determinants of ethical behavior in a work environment. The researcher investigated the influence that competence of a staff employed in a contract management role at local government level in Uganda may have on his/her ethical behavior at work.

The research paper is organized in four sections. There is a section for a theoretical review relating to competence and ethical work behaviors, section of methodology, data analysis, results and discussion and finally conclusion.

### 2. Theoretical review

Research conducted by Mahmud (2008) indicates that individuals tend to want to do the right thing whenever they feel that they have the capacity to do so which in this study shall be referred to as competence. This has an implication that the individuals that want to do the right thing will indeed want to act ethically. This stand is further supported by another study conducted by Banerji et al (2000) which indicates a negative relationship between the level of intellectual stimulation and the tendency for one to act unethically using bribery as one of the indicators of unethical behavior in the study.

On a general note, unethical behavior tends to arise out of someone trying to pretend to be what he or she is not. This pretence has been found to arise out of incompetence of the party pretending (Costa, 1990). The aspect is actually rooted back to the ethical behavior and the social norms surrounding an individual in decision making process. A decision here is mainly reached when one decides to act the way he or she acts in a contract (Blume, 2003).

In a contract setting, the parties to a contract have many issues bombarding them from the environment (Cronan, 1999). Sometimes, these individuals enter a contract well knowing what they are supposed to do and sometimes they get into a contract when they have an idea of what to expect in a contractual relationship as they take part in management of a contract handed over to them (Ryan 2002).

A contractual relationship is usually entered into with parties to a contract both expecting to do what they are supposed to do. This is usually beyond or sometimes below the standards that they might have perceived. Suppliers

for instance might have misconceived the contract details which makes them realize later that they do not have the capacity to perform as per the requirements of the contract. In this kind of scenario, the suppliers are fond of acting unethically by providing kickbacks to the evaluators to conceal the facts they find out in the progress of the contract performance signifying unethical conduct in the management of the contract (Zafar, 2010).

Unethical conduct can also be on the side of the vendor. The vendors (or the contract managers on the side of the user department) tend to ignore the activities taking place in the performance of the contract when they are actually supposed to be there and see what the supplier is doing as part of their supervisory work (Basheka, 2009). This is an element of unethical conduct which has been found to result from incompetence of the contract managers on the side of the vendors to fully contribute in the supervisory activities of the contract performance (Davis et al, 2008).

### 3. Methodology

The research focused on local governments as the unit of analysis. A cross-sectional research design was used in the study. This was coupled with multi-stage sampling design which was considered appropriate for selecting the sample from the population. The source of data was considered to be the local government officials who have been engaging in managing contracts at different levels.

The research was conducted by using questionnaires as the main tool for data collection. The questionnaires were self administered by the respondents. A total of 52 local governments in the central, eastern and western parts of Uganda were considered in the sample for data collection. Two questionnaires were given to each of the local governments considered in the sample except for the 5 divisions in Kampala where each division was represented by 1 respondent being in the capital city. The target respondents were therefore 99 in total.

Reliability of the question items considered in the questionnaires was tested. The results of the testing are displayed in a table below;

Variable/Construct	Cronbach's Alpha coefficient
<b>Competence</b>	
Preparation of contract management	0.605
Managing relationships	0.737
Service delivery	0.653
Payment and incentives	0.791
Risk management	0.908
Contract closure	0.748
<b>Ethical behavior</b>	
Personal use	0.819
Padding of expenses, falsification and deception	0.880

### 4. Data analysis, results and discussion

The data collected was analyzed using the SPSS software. Basing on the data collected, Out of the 52, only 39 local governments successfully returned fully filled questionnaires. A total of 73 respondents out of the expected 99 made an effort to respond to the questionnaire. This gives a response rate of about 73.7% to 75% which has been considered good enough for the study.

Factor analysis was carried out as part of the analysis to identify the main question items that help to reliably explain the factors of competence and ethical behavior at local government level in Uganda. The results of the analysis (*factor analysis*) are displayed in a table below;

Variable/Question Items	Factor loadings
<b>Competence</b>	
Do not realize variations in a contract	0.737
Have limited communication with the user department	0.563
Maintain a record of contract implementation progress	0.865
Keep a good custody of contractual records	0.752
Prepares a closing report for the contract	0.711

**Ethical behavior**

Staff use project/contract resources for their own gain	0.748
Staff do not implement remedial measures indicated in the contract in case of breach.	0.577
Staff collude with the staff in actual implementation to allocate most of the materials and money for a project/contract to themselves	0.755
Tendency to ignore the requirements in the contract implementation plan	0.807
Rarely follow terms in a contract when actual implementation is being done.	0.689
Lack of concern for the needs of the suppliers in a contract	0.608
Intentionally communicate wrong information especially when there is anticipation to gain from such act	0.872
Giving higher payment than the one agreed in a contract document	0.675
Tendency of wrongly blaming subordinate employees for something that has gone wrong in a contract.	0.539

Basing on the question items that had factor loadings above 0.5, the analysis was conducted to establish the influence of competence on ethical behavior in contract management environment at local government level in Uganda. A regression analysis was performed with the results displayed in a table below;

<b>Regression coefficients Table</b>					
	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>		
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	<b>t</b>	<b>Sig.</b>
(Constant)	1.550	0.593		2.613	0.011
Competence	0.522	0.152	0.381	3.444	0.001
<b>Dependent variable:</b> Ethical behaviour			<b>Adjusted R Squared:</b> 0.133		
<b>R squared:</b> 0.145					

**Source: Primary data**

Results from the regression analysis indicate that competence of staff appointed to contract management role influence the way they act ethically by 13.3% to 14.5%. This means that there are other forces that influence staff appointed to contract management role at local government level to act ethically when managing contracts. These factors influence the remaining percentage that has not been explained by competence (i.e 85.5% to 86.7%). These other factors could be punitive measures, personality and probably need for identification in a society.

Regardless of the low percentage influence that competence has on the ability of a person to act ethically in a contract management setting, the results of analysis indicate that competence is a significant predictor of ethical behavior. The table shows that competence predicts ethical behavior at 0.001 level of significance. This indicates that competence is a significant predictor of ethical behavior for staff appointed to contract management role at local government level in Uganda.

From the review of the literature, competence is highlighted as a strong influence of ethical behaviour (Schroeder 2008). Leonard (2005) further indicates that however much competence is relative, when one is good at something, s/he tends to do it so well. This is a sign of acting ethically. This seems to be in support of the findings obtained in a research conducted though the degree of influence is not certain.

Literature still indicates that acting ethically is relative to the field of operations some of which could be public and others could be private and hence affected by the different social settings (Binmore 2005). This extends even in a contractual setting. Considering the research conducted, local governments are categorised as public institution in Uganda and highly affected by the social norms and culture. This seems to explain the low influence that competence was found to have on ethical behavior of staff appointed to contract management role at local governments in Uganda.

The review further indicates the need for one to be competent enough in order to be able to act ethically. The different authors indicate that the more competent one is, the more ethical s/he tends to become (Mahmud 2008; Basheka 2009; Banerji et al 2000). This seems to be in support of the findings of the research. It further indicates that

ethical behaviour of staff appointed to contract management role is influenced by their competence to carry out the management tasks.

## 5. Conclusion

Basing on the findings of the study, competence is necessary for one to act ethically. When a public officer in charge of managing contracts at local government level is competent in his or her duties, there is likelihood that this person will act ethically in most of the aspects of the contract. This therefore calls for people at local government level in Uganda to ensure that the managers in charge of contracts are competent enough to execute their duties. This is likely to reduce the level of unethical conduct at local government level.

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